TRANSPORTATION PARTNERSHIPS FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2003

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Transportation Partnerships Fund as at March 31, 2003 and the statements of revenue, expenditure and net assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Transportation Partnerships Fund as at March 31, 2003 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
July 10, 2003

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

TRANSPORTATION PARTNERSHIPS FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2003	2002
ASSETS		
Current Assets:		
Due from General Revenue Fund (Note 3)	$ 5,135,995	$ 5,346,348
Accounts Receivable	350,225	349,387
	$ 5,486,220	$ 5,695,735
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	$ 260,440	$ 95,025
Long Term Liabilities:		
Deferred Revenue (Note 5)	3,156,533	3,156,533
Net Assets (Statement 2)	2,069,247	2,444,177
	$ 5,486,220	$ 5,695,735

(See accompanying notes to financial statements)

Statement 2

TRANSPORTATION PARTNERSHIPS FUND
STATEMENT OF REVENUE, EXPENDITURE AND NET ASSETS
For The Year Ended March 31

	2003	2002
Revenue		
Transportation Partnerships Agreement Revenues	$ 1,329,615	$ 1,024,358
Sale of Technology	-	5,000
Interest Revenue (Note 3)	140,780	108,192
Total Revenue	$ 1,470,395	$ 1,137,550
Expenditure		
Highway Improvement Projects	$ 1,698,938	$ 1,842,891
Research & Development Costs	70,987	108,322
Administrative Expenses (Note 4)	75,400	86,795
Total Expenditure	$ 1,845,325	$ 2,038,008
Deficit for the year	$ (374,930)	$ (900,458)
Net Assets, beginning of year	2,444,177	3,344,635
Net Assets, end of year (Statement 1)	$ 2,069,247	$ 2,444,177

(See accompanying notes to financial statements)

TRANSPORTATION PARTNERSHIPS FUND
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2003	2002
Cash flows from operating activities:		
Cash Receipts From Transportation Companies	$ 1,347,875	$ 1,069,226
Cash Receipts From Appropriations for Deferred Items	-	3,156,533
Cash Receipts From Technology Sales	-	5,000
Interest Received	122,867	131,212
Cash Paid For Highway Improvement Projects	(1,533,523)	(1,747,866)
Cash Paid For Research & Development Initiatives	(70,987)	(132,196)
Cash Paid For Manufacturing Costs	-	(5,444)
Cash Paid to R.M. Shareables	(1,185)	-
Cash Paid For Administration	(75,400)	(86,795)
Net (decrease) increase in cash	(210,353)	2,389,670
Due From General Revenue Fund, beginning of year	5,346,348	2,956,678
Due From General Revenue Fund, end of year	$ 5,135,995	$ 5,346,348

(See accompanying notes to financial statements)

TRANSPORTATION PARTNERSHIPS FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2003

1. Authority and Definition of Entity

The Transportation Partnerships Fund was established effective July 1, 1997 pursuant to Section 8 of *The Highways and Transportation Act, 1997*. The purpose of the Fund is to generate revenues to be used for highway improvement projects. The Transportation Partnerships Fund generates revenues subject to the terms of trucking partnership agreements, in which the transportation companies pay the Fund a portion of cost savings achieved from being able to haul overweight and/or over dimension loads. Additional revenues are raised through the marketing of transportation related technology and expertise.

2. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The Fund follows the deferral method for contributions. The following accounting principles are considered significant.

a) Revenue recognition
i) Transportation Partnerships Agreement revenue - recognized in the period the truck haul savings are realized.
ii) Contributions – recognized when received or receivable or when the related expenses are incurred if the contribution is restricted.

b) Cash and cash equivalents consist of amounts on deposit with the General Revenue Fund.

3. Due from General Revenue Fund

The monies of the Transportation Partnerships Fund are deposited in the General Revenue Fund. Under this arrangement, earned interest is calculated and paid by the General Revenue Fund on a quarterly basis using the Government's thirty day borrowing rate and the Transportation Partnerships Fund's average daily bank account balance. The effective interest in the year was 2.62% (2002 – 3.41%).

4. Related Party Transactions

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related as they are controlled by the Government. These financial statements include transactions with other Government agencies. These transactions are in the normal course of operations and are recorded at agreed upon exchange amounts.

During the year, the Fund was charged $75,400 (2002- $86,975) by the Department of Highways and Transportation for salary and administrative expenses.

Transportation Partnerships Agreement Revenues include $87,647 (2002 - $89,894), from SaskPower, pursuant to a transportation partnership agreement between the Fund and SaskPower. At year-end SaskPower owed the Fund $0 (2002 - $51,000).

The Fund earned interest income of $140,780 (2002 - $108,192) on monies deposited in the General Revenue Fund. At year-end, the Fund had monies deposited in the General Revenue Fund totaling $5,135,995 (2002 - $5,346,348).

5. Deferred Revenue

In 2001-02, the Fund received $3,156,533 from the Department of Highways and Transportation. The funding will be used to provide financial assistance for eligible Short Line Railways and to improve the transportation infrastructure in Saskatchewan. All monies once repaid and monies not loaned to short line companies will be invested in infrastructure projects.

The monies will be recorded as revenue in the future period that infrastructure project expenditures are incurred.

6. Comparison of Planned and Actual Results

	Budget	Actual	Variance
REVENUE			
Transportation Partnership Agreements	$ 800,000	$ 1,329,615	$ 529,615
Other Revenue	75,000	-	(75,000)
Interest Revenue	150,000	140,780	(9,220)
	$ 1,025,000	$ 1,470,395	$ 445,395
EXPENDITURES			
Road Expenditures	$ 2,000,000	$ 1,698,938	$ 301,062
Other Transportation Initiatives	113,800	70,987	42,813
Administrative Expenses	85,000	75,400	9,600
	$ 2,198,800	$ 1,845,325	$ 353,475
SURPLUS (DEFICIT) FOR THE YEAR	$(1,173,800)	$(374,930)	$ 798,870